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INFO RUEATRS/DEPT OF TREASURY WASHDC PRIORITY

C O N F I D E N T I A L AMMAN 008363

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E.O. 12958: DECL: 11/09/2026

TAGS: [ECON](#) [EFIN](#) [IZ](#) [JO](#)

SUBJECT: DEMARCHE ON DEBT RELIEF FOR IRAQ

REF: A) STATE 184738 B) STATE 181094

Classified By: Ambassador David Hale, Reasons 1.4 (b) and (d).

11. (C) Ambassador delivered the points requested to the Foreign Minister and Minister of Industry and Trade on November 2 but received no substantive reply. Ambassador will also deliver the points to the Deputy Prime Minister and Finance Minister, who handles this issue but has been unavailable due to travel, early next week. Post will also continue to follow up at the working level.

12. (SBU) By way of background, Jordan has not forgiven Iraqi debt to date. Both Jordan and Iraq have yet to resolve the status of the \$1.3 billion Jordanian claim on Iraq as part of the "trade protocol ledger" established under agreement between the GOJ and the former Iraqi regime, and in the framework of the state-controlled bilateral trade between the countries at that time. However, following up the exchange of prime ministerial visits, there are serious renewed bilateral efforts to resolve the issue. Jordan maintains that this is not debt, but merely an account that needs to be cleared. The principal of the claim is \$900 million, while the rest is interest. Post understands that Treasury and EB view the claim as debt. The GOJ and PM Maliki's government reportedly view the recent oil deal between Jordan and Iraq as a way for Iraq to eventually start drawing down the trade ledger claim (Amman 7668). However, Jordan continues to suffer from high debt levels and face substantial economic and financial challenges. Pressing the GOJ to forgive this claim would put substantial pressure on a major U.S. assistance recipient and its \$11 billion economy.

HALE